

MEMORANDUM FOR: The Director

Executive Registry

77-4687

I asked the DDI a few days ago to give us some ideas on how to relate intelligence support to Schlesinger and his emerging energy component. The attached provides some useful ideas.


E. H. Knoche

Attachment:
Blind Memo, 4/20/77

Date 4/21/77

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20 April 1977

MEMORANDUM

Intelligence Support on International
Energy Issues

1. Intelligence Community support on international energy matters is concentrated in the Central Intelligence Agency and, in particular, the Office of Economic Research (OER). Virtually every cabinet officer is interested in energy matters to one degree or another. Because the energy-policy apparatus of the government is so diffuse and unwieldy, the President has chosen Dr. Schlesinger to bring order to the energy-policy process.

2. Until very recently, most intelligence support was channeled to the State Department, in particular, to the Bureau of Economic and Business Affairs, which has the lion's share of international energy-policy formulation. To an important but lesser degree, support is provided to the Treasury Department, in part because of the Secretary's Chairmanship of the Economic Policy Group. Less support is also provided to the Federal Energy Administration (FEA) and the Energy Research and Development Agency (ERDA), which is an NFIB member and, theoretically at least, an intelligence focal point for energy matters. Other Departments, such as Defense, Commerce, and Interior, also receive considerable intelligence analysis on energy.

3. An important channel for policy support is the DDI biweekly publication, International Oil Developments, which reaches all senior officials concerned with energy. It is sent to 112 overseas subscribers and has a total distribution of 338 outside of CIA. Selected articles are cabled to interested overseas posts. This is the only periodic government publication, intelligence or otherwise, that deals with international energy issues. Support is

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also provided by research publications on specific subjects -- for example, The Impending Soviet Oil Crisis and The International Energy Situation: Outlook to 1985.

4. Periodic briefings are given senior officers. Dr. Schlesinger, for example, was briefed at the President's direction on 12 April, and briefings are scheduled for senior ERDA officials on 18 April. Routine transmittal of energy-related intelligence is provided by the CIA briefing officer now based at Treasury.

5. The Deputy Director of OER is a senior Agency representative on energy matters. OER provides expert help to other Departments

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6. In recent weeks, OER has supported Dr. Schlesinger and his immediate aides who are developing the President's energy message. In the process of this support, we have become, through Harry Bergold, Dr. Schlesinger's chief aide, privy to some of Dr. Schlesinger's thoughts on how he would view intelligence support to the new Department of Energy (DOE).

7. Clearly, when the DOE is established, the way support is channeled to the energy policymakers will change dramatically. For his part, Dr. Schlesinger feels he has a personal relationship with intelligence as a result of his positions as Secretary of Defense, Director of Central Intelligence, and head of the Atomic Energy Commission. How he intends to use this relationship is not clear. Harry Bergold, who is daily involved in the reorganization process, noted that there would be an Assistant Secretary for International Programs. He said we could speculate that most DOE intelligence support, initially at least, will be through this channel. Harry continued that one could also speculate that most international energy accounts, including the IEA, would be moved from State to DOE. He thought

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that we would be providing DOE with the kind of intensive support we now give State's Assistant Secretary of the Bureau of Economic and Business Affairs Julius Katz and Deputy Assistant Secretary for International Resources and Food Policy Stephen Bosworth. Harry pointed out that Dr. Schlesinger is somewhat reluctant to pick up this account but noted that the President directed all foreign chiefs of state who have visited him thus far and who wished to discuss energy matters to deal with Dr. Schlesinger.

8. In addition to traditional energy-policy support, Harry Bergold indicated that Dr. Schlesinger had an intensive interest in the Middle East and the Persian Gulf and that he had planned extensive travels, including especially Saudi Arabia and Iran, and would be a major consumer of integrated political/economic country analysis. He also observed that Dr. Schlesinger's approach differs from that adopted by Secretary Kissinger, who chose to identify mainly with energy consumers. Dr. Schlesinger, on the other hand, will focus more on US relations with energy producers.

10. From conversations with Harry Bergold, it is clear that ERDA will be changed organizationally and will not continue as an NFIB member; rather, the NFIB membership would be on the DOE level. Dr. Schlesinger is considering establishing something like the INR within the DOE, although this appears to be some distance off. Finally, it seems that Dr. Schlesinger will not want a single intelligence channel to the DOE but would prefer that different parts of the Intelligence Community deal with different parts of DOE -- for example, with certain highly sensitive areas of ERDA. Since the form of intelligence support to the DOE is still in the conceptual stage, Harry Bergold suggested this would be an appropriate agenda item for your meeting with Dr. Schlesinger. We think that the following observations might be helpful in preparing for your meeting.

- Support to Dr. Schlesinger himself should be personalized, perhaps continuing the already established contact with OER for the purpose of individual briefings and consumer feedbacks.

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- Initially at least, a full-time CIA representative should not be assigned to DOE. Routine briefings could continue to be handled effectively by the CIA representative based at Treasury.
- OER will continue to support FEA and ERDA elements within the DOE and other elements from Interior, etc., that would be transferred to DOE.
- The Agency might want to offer help in organizing the DOE's INR equivalent, if such a decision is made.

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